

**RENAISSANCE ZONE AUTHORITY  
MEETING MINUTES  
October 14, 2009**

The Bismarck Renaissance Zone Authority met on October 14, 2009 in the 2<sup>nd</sup> Floor Conference Room in the City-County Office Building at 221 North 5<sup>th</sup> Street. Authority members present were Dave Blackstead, Chuck Huber, George Keiser and Kevin Magstadt. Technical Advisor Bruce Whittey was present. Staff members present were Jason Tomanek, Kimberley Gaffrey, Carl Hokenstad, Kim Lee and Ray Ziegler. Guests present were Paula Baker (Dakota Building Acquisition Group), Mitchell Armstrong and Suzanne Schweigert (SRSSM Partnership), Derwin Mann (Mann Signs) and Dawn Kopp (Downtowners).

**CALL TO ORDER**

Chair Blackstead called the meeting to order at 4:00 p.m.

**MINUTES**

The minutes of the August 12, 2009 meeting were distributed with the agenda packet.

**MOTION:** A motion was made by Mr. Keiser and seconded by Mr. Magstadt to approve the minutes of the August 12, 2009 meeting as received. The motion passed unanimously, with members Blackstead, Huber, Keiser and Magstadt voting in favor.

**RENAISSANCE ZONE PROJECT APPLICATION**

**A. 122 East Broadway – SRSSM Partnership – Purchase with Improvement**

Mr. Tomanek gave an overview of the purchase with improvement project by SRSSM Partnership to the building at 122 East Broadway. Mr. Tomanek said that the applicant is proposing to purchase and rehabilitate the interior of the building for use as professional office space. Rehabilitation would include updates to the building interior, plumbing, HVAC and electrical updates. No updates to the building's exterior are proposed at this time. Mr. Tomanek stated that the current assessed value is \$427,680 (building only), the proposed investment value is \$727,000, and the estimated value after improvements is \$843,500. Mr. Tomanek said that the estimated property tax benefit over 5 years is \$154,080 and the estimated income tax benefit is \$278,000 over 5 years.

Mr. Tomanek provided an overview of the request and listed the following findings for the proposed Renaissance Zone project:

1. The proposed use is consistent with the City's Renaissance Zone Development Plan.
2. The proposed exterior rehabilitation will be forthcoming at a later date as part of a separate CORE Incentive Program application. At this time there are no immediate plans to modify or rehabilitate the exterior of the building.

3. There are approximately 40-50 off-street parking spaces currently available for this property.
4. Using the 2009 assessed value of the building (\$427,680) and the total investment of \$727,000, the level of re-investment is approximately 170 percent. The minimum level of investment for rehabilitation projects is 50% of the assessed building value made through capital improvements.
5. The applicant anticipates that the building will be occupied and open for business by April 1, 2010.
6. Currently there are no street trees on any block face adjacent to the property. The landscaping and screening ordinance requires 3 trees per 100 linear feet of street; with the block length of 300 feet it would be possible to provide 2 to 3 trees per block face depending on the species selected and driveway locations. The Forestry Division will work with the property owner to determine the most appropriate quantities and locations for any trees within the public right-of-way.
7. The landscaping and screening ordinance also requires perimeter parking lot screening when adjacent to the public right-of-way through the use of trees and shrubs or with a decorative fence. The areas proposed for parking are currently asphalt or concrete and will not be modified. Currently there are no screening elements proposed for the parking areas and the language in the Landscaping and Screening ordinance is worded in such a way that the requirements to screen the parking area(s) is triggered by the addition of five (5) off-street spaces.

Mr. Tomanek said based on the findings, staff recommends approval of the designation of the purchase with major improvements to the building at 122 East Broadway Avenue by SRSSM Partnership as a Renaissance Zone project, a 100% property tax exemption on the building and improvements for five years beginning with the date of completion, and an exemption from state tax on income derived from the business/investment location for five years beginning with the date of completion with the following condition:

1. The Renaissance Zone Authority considers the inclusion of street trees and parking lot screening per City ordinance along Broadway Avenue and 2<sup>nd</sup> Street North as part of the overall project requirements.

Mr. Keiser asked how the assessed value on that building is determined. Mr. Tomanek responded by saying that Brenda Johnson and Bob Aller in City Assessing look at the square footage and condition of the building, land sizes, and the neighborhood, and compare it to comparable buildings to come up with the assessed value. Mr. Keiser then asked once the five year tax exemption has ended, is the property reassessed at that time. Ms. Lee said that the building is assessed independently every year. Mr. Keiser stated that the valuation of the building seems very low and the purpose of the Renaissance Zone Authority is to make these buildings usable, improve them and the downtown and then recover revenues through taxes.

Mitchell Armstrong said it is the intent of SRSSM to add the trees and landscaping.

**MOTION:** Based on the findings included in the staff report, a motion was made by Mr. Keiser and seconded by Mr. Huber to recommend approval of the designation of the purchase with major improvements of the building at 122 East Broadway Avenue by SRSSM Partnership as a Renaissance Zone project, a 100% property tax exemption on the building and improvements for five years beginning with the date of completion, and an exemption from state tax on income derived from the business/investment location for five years beginning with the date of completion, with the following condition: 1) the rehabilitation project include street trees and parking lot screening per City ordinance along Broadway Avenue and 2<sup>nd</sup> Street North. The motion passed unanimously, with members Blackstead, Huber, Keiser and Magstadt voting in favor.

## **CORE INCENTIVE PROGRAM PROJECT APPLICATION**

### **A. 333 North 4<sup>th</sup> Street – Starion Financial – CORE Signage**

Mr. Tomanek provided an overview of the project for new signage at 333 North 4<sup>th</sup> Street. The applicant is requesting assistance from the CORE Façade and Signage Grant Program. The applicant wishes to add four new Starion logo signs. Two of the signs are non-illuminated and would be located on the east and south-facing corners of the building. The two illuminated signs would be located on the west and north-facing sides of the building. Mr. Tomanek stated that the applicant received three bids for the project and has selected Mann Signs, Inc. to perform the design and installation work. Each project requires a 50% matching contribution by the applicant, therefore the grant amount requested for this project is \$3,000.00.

Mr. Tomanek provided an overview of the requests and listed the following findings for the proposed CORE Incentive Program project:

1. The building is located within the Downtown Tax Increment Financing District.
2. The purpose of the Façade and Signage Incentive Grant Program is to promote and stimulate exterior maintenance of commercial buildings in order to enhance the overall appearance, quality and vitality of downtown.
3. The property is not subject to the Special Provisions for the Central Business District in the sign code because it is outside of the boundaries of that area. The proposed sign meets the requirements of Chapter 4-04 of the City Code of Ordinance (Signs and Outdoor Display Structures) and has been approved through the Downtown Design Review process.
4. The applicant received three bids for the labor and materials. The low bid was received from Mann Signs, Inc. in the amount of \$10,860 for the proposed signs.
5. Under the Façade and Signage Grant guidelines the maximum dollar amount is \$3,000 for signage projects. Each project requires a 50% matching contribution by the applicant. The grant amount requested for this project is \$3,000.

Mr. Tomanek said based on the findings, staff recommends approval of the CORE Façade and Signage grant request to reimburse Starion Financial \$3,000 toward the design, purchase, and installation of new signage at 333 North 4<sup>th</sup> Street.

Mr. Whittey asked if the bid includes just the signs located adjacent to the right-of-way, which are located on the west and north-facing façade. Mr. Tomanek responded by saying only the two signs are eligible for reimbursement, the west and north-facing façade signs.

**MOTION:** A motion was made by Mr. Keiser and seconded by Mr. Magstadt to recommend approval of the request for a CORE Façade and Signage grant which would reimburse the applicant in the amount of \$3,000.00 toward the design, purchase, and installation of new signage for the building located at 333 North 4<sup>th</sup> Street. The motion passed unanimously, with members Blackstead, Huber, Keiser and Magstadt voting in favor.

**B. 400 East Broadway Avenue – Dakota Building Acquisition Corporation – CORE Façade Grant**

Mr. Tomanek provided an overview of the project for façade improvements for 400 East Broadway Avenue. The applicant is requesting assistance from the CORE Façade and Signage Grant Program. The applicant wishes to request assistance from the CORE Façade and Signage Grant to help cover the costs of re-caulking the perimeter of aluminum windows and doors and re-caulking the sealant at joints in the precast walls panels. The applicant received two bids for this project and has chosen to use Restoration Systems, Inc in the amount of \$41,800, for the project. Dakota Caulking can only bid the project on a ‘per linear foot’ price and did not provide a maximum amount.

Mr. Tomanek provided an overview of the requests and listed the following findings for the proposed CORE Incentive Program project:

1. The building is located within the Downtown Tax Increment Financing District.
2. The purpose of the Façade and Signage Incentive Grant Program is to promote and stimulate exterior maintenance of commercial buildings in order to enhance the overall appearance, quality and vitality of downtown.
3. Façade and Signage grant funds may be used make improvements to walls, windows, doors, cornices, stairs, porches, railings, and other elements of a building façade. The grant amount is limited to \$25,000 with a 50% match supplied by the applicant. At this time the project bid amount is for \$41,800, which would result in a grant of \$20,900. The bid from Dakota Caulking, Inc. also states that “random hairline cracks are evident in the precast wall panels. These joints are only visible when positioned directly in front of the cracking. These cracks should be routed out and caulked to reduce water infiltration. They can only be bid on a ‘per linear foot’ price. Digital photos will be used to validate repairs. Work can be completed at a rate of \$3.25 per linear foot.” The exact amount of the repair work is undeterminable at this time due to the overall height of the building and the contractor’s inability to adequately assess the deterioration from the street level. The

bid provided by Dakota Caulking Inc delineates the east building elevation (adjacent to the alley) from the north, south and west elevations which are adjacent to the streets.

4. Based on discussions with the applicant much of the repairs necessary are on the upper floors of the east, alley-facing exterior wall. The estimates provided do not both clearly delineate which exterior walls will receive repairs or what portion of the overall project cost is attributed to each exterior wall.

Mr. Tomanek said based on findings staff recommends approval of the CORE Façade and Signage grant request which would reimburse the applicant up to \$20,900 toward the façade improvements at 400 East Broadway Avenue.

Paula Baker stated that Dakota Building Acquisition Corporation is a family owned business and the group have owned this building for over twenty-five years. Ms. Baker went on to say that the recent improvements to the parking ramp were completed with Restoration Systems, Inc. and Dakota Building Acquisition Corporation was very satisfied with their work. Ms. Baker said they do have a relationship with Restoration Systems, Inc. and that is why they chose to go with them, plus their work was more complete and they were able to provide a set bid.

Chairman Blackstead asked if there should be a concern with the differences in the bid. Mr. Tomanek responded by saying typically the Renaissance Zone Authority has chosen the low bidder and there has never been a project with a contingency built into it on the back end.

Chairman Blackstead asked what if there is a difference with the reimbursement. Mr. Tomanek answered by saying that if they came back with more linear feet on the back end, then the project cost will increase. Mr. Tomanek added in the past with other projects if the cost was higher than bid, the project was brought back to the Renaissance Zone Authority and Board of City Commissioners for re-approval.

Mr. Keiser asked if the two companies are using the exact same process. Mr. Baker said the two companies are using two different processes and Restoration Systems, Inc. has special tools to use in the efficient removal of the caulk, whereas Dakota Caulking does not. Mr. Keiser stated that if the processes are different then that needs to be taken into consideration in addition to price.

Mr. Huber said his concern is whether or not this program was meant for this type of project because this is not really a change or improvement of the façade, rather it is maintenance. Chairman Blackstead asked if caulking was a part of the Soo Hotel project. Mr. Tomanek answered by saying the project included tuckpointing, replacing cracked bricks, and crack sealing.

Mr. Tomanek said that it is stated in appendix of the CORE guidelines, “the purpose of the façade and signage incentive grant is to promote and stimulate exterior maintenance of commercial buildings in order to enhance the overall appearance, quality and vitality of downtown.” Mr. Tomanek stated he is unsure of the overall intent of the interpretation of the guidelines. Mr. Huber said that if that was the intent of the program that is fine, but is not sure this project was the intent of the program because it is considered maintenance. Mr. Tomanek commented that there have been several discussions regarding these programs to resolve issues

with definitions and interpretations of the program; however, everything has not been clearly defined at this point.

Mr. Keiser commented that if the caulking was a part of a larger project to improve the façade, then it would not be an issue. Mr. Huber agreed.

Mr. Keiser asked Ms. Baker what the time frame is for this project. Ms. Baker responded by saying they were hoping to get approval as soon as possible in order to complete the project before the temperatures get too cold because part of what they are experiencing is moisture seeping through. Ms. Baker added that they just put a large amount of money into fixing the ramp and the cost of the caulking is another large amount.

Mr. Whittey asked what sides of the building are being considered. Mr. Tomanek said the bid delineates the west, south, east and a good portion of the work needs to be completed on the east side and that is the alley facing side. Mr. Tomanek added that the third, fourth and fifth floors are the ones experiencing the infiltration of moisture. Mr. Whittey commented that to be consistent with what the Renaissance Zone Authority has approved in the past, only the street facing sides should be considered which would be the north, west and south sides, or primary street sides, of the building.

**MOTION:** A motion was made by Mr. Huber and seconded by Mr. Keiser to continue the public hearing for the request of the Façade and Signage Grant for façade work for 400 East Broadway Avenue requested by Dakota Building Acquisition Corporation and schedule a special meeting to further discuss the intent of the program and this request. The motion passed unanimously, with members Blackstead, Huber, Keiser and Magstadt voting in favor.

## **CORE TECHNICAL ASSISTANCE BANK DISCUSSION**

Mr. Tomanek said that Mr. Huber asked about the use of the Technical Assistance Bank at the August meeting and there was some discussion at that time, however, no decisions were made. Mr. Tomanek went on to say that Mr. Grossman indicated that he would like to be a part of the discussion, but unfortunately he is out of the state and could not be present for the meeting. Ms. Lee added that the item could be discussed at the special meeting and then staff could put together language for the next scheduled meeting in November. It was the general consensus of the Renaissance Zone Authority to discuss the Technical Assistance Bank at the upcoming special meeting.

## **STATUS OF APPROVED RENAISSANCE ZONE PROJECTS**

Mr. Tomanek said the American Bank Center rehabilitation project has been closed out.

## **STATUS OF APPROVED CORE INCENTIVE PROGRAM PROJECTS**

Mr. Tomanek said the Magic-Touch Technical Assistance Bank project has been closed out.

## **OTHER BUSINESS**

Chairman Blackstead announced that Warren Tvenge has resigned as technical advisor for the Renaissance Zone Authority. Mr. Tomanek suggested that the Renaissance Zone Authority consider one of the Technical Assistant Bank architects for a technical advisor.

Mr. Whittey said that at the October 13, 2009 Board of City Commissioners meeting, he represented the Renaissance Zone Authority regarding the proposed Quiet Rail Zone. Mr. Whittey continued by saying there were two things the Quiet Rail Zone Committee found out all the Commissioners approve of the Quiet Rail Zone and they are all willing to continue to discuss it. Mr. Whittey stated that Commissioner Sprynczynatk offered to lead a group to further discuss the Quiet Rail Zone and bring the findings back to the Board of City Commissioners. Mr. Whittey continued by saying that he explained to the Commissioners that the proposed Quiet Rail Zone has nothing to do with the last vote. The last vote was for eight crossings, with the proposed funding to be three million dollars from sales tax and this is two crossings that would be funded by the Tax Increment Fund. Mr. Whittey said that the Quiet Rail Zone committee provided the Commissioners with a list of organizations that support the Quiet Rail Zone, are located downtown. Mr. Whittey concluded by saying the challenge is now how to differentiate this decision from what the voters decided in 2008.

## **ADJOURNMENT**

There being no further business, Chair Blackstead adjourned the meeting of the Bismarck Renaissance Zone Authority at 5:02 p.m.

Respectfully Submitted,

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Kimberley Gaffrey  
Recording Secretary

APPROVED:

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David Blackstead  
Chair